



# ***COMMITTEE of the WHOLE***

## ***CITY COUNCIL***

### **MINUTES November 17, 2008 4:00 P.M. Council Office**

#### **COUNCIL MEMBERS PRESENT:**

V. Spencer, M. Goodman-Hinnershitz, J. Waltman, S. Marmarou, S. Fuhs, D. Sterner

#### **OTHERS IN ATTENDANCE:**

D. Cituk, L. Kelleher, S. Katzenmoyer, T. McMahon, C. Younger, C. Kanezo, J. Kuzminski, D. Miller, M. Setley, J. Ulrich, D. Glaze

Vaughn Spencer, President of Council, called the Committee of the Whole meeting to order at 4:06 p.m.

#### **I. Reading Area Water Authority**

Mr. Setley recounted the recent meeting of the Water Authority. He noted the City's request for the Water Authority to double the meter surcharge and transfer an additional \$850,000 to the City's general fund in 2009. The Authority was split on the issue. Mr. Ulrich began discussion regarding the Reading School District not being billed for water/sewer. Mr. Brogan made a motion to make the additional \$850,000 conditional on the School District paying for their water/sewer service.

Mr. Ulrich noted his opposition to allocating the additional \$850,000 to the City. He expressed his hope that this money could be used to expand the Authority.

Mr. Setley indicated that those in agreement with the surcharge increase have the opinion that this is a fair way to reach to non-profit and suburban customers.

Mr. Kuzminski indicated that he supported the conditional motion to allow for continued discussions.

Mr. Ulrich voiced his opinion that if the School District pays for water, the City would receive additional income. He suggested Council rescind the 1984 agreement.

Mr. Sterner questioned how many other school districts in the State are not billed for water/sewer service. Mr. Ulrich indicated that all others in Berks County pay for this service. Ms. Glaze noted her involvement in a State-wide Water Authority Conference and that no other district across the State receives this benefit.

Mr. Marmarou noted that the situation is unfortunate. He noted that the School District indicated that they would install the necessary water meters to allow the City to report accurate usage numbers to the State. He noted that if the District had been more cooperative with the installation, this situation could have been avoided.

Mr. Spencer indicated that the School District has agreed to begin meeting with Council; however, no firm date has been set. He would like to hear the position of the School District before making a decision. He noted his belief that making the \$850,000 conditional has confused the issue.

Mr. Sterner questioned if the colleges in Reading pay for water/sewer service. The Authority members indicated that they do.

Mr. Waltman noted that he read the editorial in today's Reading Eagle and agrees that this is all taxpayer money. However, he feels that for accounting purposes, this issue needs to be resolved. He sees three separate issues – the State needing to know accurate consumption numbers; the 1984 agreement; and the \$850,000 request. He noted that the situation has co-mingled all three issues.

Mr. Setley indicated that the Authority did not have support for the \$850,000 as a separate issue. Co-mingling it with the agreement was the only way to get enough support for the \$850,000.

Mr. Waltman noted that the agreement should be negotiated separately.

Mr. Marmarou requested data on the City's use of District facilities. This data is not available. It will be collected and reported to Council.

Ms. Spencer repeated his hope of meeting with the School Board before making a decision on the agreement. He noted the need for all three parties to work together.

Ms. Goodman-Hinnershitz noted that this issue had been discussed with the School Board on several occasions. She reminded Council that Dr. Chapman agreed that water meters would be installed in all District buildings. It is now 18 months later and that project has not begun. She noted the need for timelines. She also noted the need for the District to include water/sewer in its operational costs.

Ms. Glaze noted her involvement with the special committee to review the financial situation of the Reading School District. She noted that things are no longer equal as stated in the 1984 agreement.

Mr. Waltman stated that the 1984 agreement should not be perpetual. He questioned the legal procedure for installing the meters. Mr. Miller indicated that approximately 400 customers were contacted that the water meters on their property needed to be tested and upgraded as needed. If they do not comply, a monthly

penalty is added to their bill. When the penalty reaches a certain amount, the water is turned off. He noted that this process is not feasible for the School District.

Mr. McMahon questioned if the new school buildings have meters. Mr. Miller indicated that they do. Mr. McMahon questioned if there was a need to get into the district buildings to install the meters. Mr. Miller indicated that they did not but that water service would be interrupted during the installation.

Ms. Goodman-Hinnershitz noted the need to meet with the entire School Board on this issue.

Mr. Ulrich reminded Council that the School District now has possession of the former St. Joseph Hospital. The hospital paid for water/sewer service. He noted the same situation if the School District gets ownership of the Hershey property. He noted that this doubles the impact since a paying customer is lost and the District consumes water without paying.

Mr. Waltman voiced his support for installing the meters. He would also support rescinding the agreement to get action on the meters.

Mr. Fuhs questioned why Mr. Spencer wanted to meet with the School Board on this issue again. Mr. Spencer indicated his discomfort negotiating through newspaper articles. He noted the need for clarity.

Mr. Younger informed Council that 90 days notice must be given to rescind the agreement and the agreement stays in effect until the end of the school year.

Mr. Fuhs indicated that he agrees with tying the \$850,000 to the agreement. He supports the School District paying for water/sewer service.

Mr. Spencer requested that this issue be discussed further at the November 24 Committee of the Whole meeting.

## **II. Budget**

Mr. Kanezo reviewed the options outlined for program cuts submitted by the Administration.

Mr. McMahon noted that this is not a formal recommendation. He noted that the Administration does not support these cuts.

Mr. Marmarou questioned the removal of recreation. Mr. McMahon indicated that the entire department would be eliminated.

Mr. Fuhs noted that if the budget is refined in 2009, the same situations will be encountered in 2010. He stated his support of making large cuts now and adding programs back in as the City is able.

Mr. Waltman noted his hope that this approach can be avoided.

Mr. McMahon noted that efficiency of programs must be evaluated if small cuts are made.

Mr. Spencer indicated that the library service cannot be cut based on a presentation to Council. He noted his hope that if recreation is cut that another entity would keep the programs running. BCTV is a contracted service and would result in litigation if broken. He noted his appreciation of the issues outlined but cannot support this approach.

Ms. Goodman-Hinnershitz reminded Council that revenue must be decided before recommended cuts can be made.

Mr. Waltman noted his hope that the information provided by the Administration would have been more detailed – subscriptions, temp wages, over time, etc.

Mr. Kanezo indicated that these items have already been decreased throughout the budget.

Mr. McMahon noted that personnel cuts would result in the loss of 40 positions. This would greatly affect services.

Mr. Sterner questioned where personnel would be cut. Mr. Fuhs noted that he did not feel Council should be eliminating personnel. He feels that other cuts can be made before layoffs occur.

Mr. Marmarou questioned how much overtime is budgeted. Mr. Waltman noted that it is approximately \$3.6 million. Mr. Marmarou described a past situation where unions were approached for their cooperation in reducing overtime. He questioned whether comp time could be substituted for overtime.

Mr. McMahon reminded Council that the deficit is \$1.2 million for 2009 but will be \$12 million in 2010. He noted his belief that nickels and dimes will not help with long-range planning.

Mr. Cituk reiterated his support of increasing the EIT to 1.5%.

Mr. Marmarou noted that he will support increasing the EIT if additional efforts are made to collect money due to the City. Mr. Sterner concurred.

The meeting adjourned at 5:25 pm.

Respectfully Submitted

By: \_\_\_\_\_  
Linda A. Kelleher, City Clerk